

Form 1099-MISC

Resource Tool for Real Estate Commissions



What you need to know
in Box 7 of form 1099-MISC.



Tips on how to complete
Form 1099-MISC.



Where do I order
Form 1099-MISC?



How do I file
Form 1099-MISC?



When is
Form 1099-MISC due?



Where can I get help?

This tool's purpose is to help real estate brokers:

- Complete form 1099-MISC for real estate commission payment recipients.
- Correctly file form 1099-MISC with Franchise Tax Board and Internal Revenue Service.



State of California Franchise Tax Board

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☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.

1 Rents
\$

2 Royalties
\$

3 Other income
\$

4 Federal income tax withheld
\$

5 Medical and health care payments
\$

6 Substantiated payments in lieu of dividends or interest
\$

7 Nonemployee compensation
\$

8 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale ☐
\$

9 Crop insurance proceeds
\$

10 Gross proceeds paid to an attorney
\$

11
\$

12
\$

13 Excess golden parachute payments
\$

14 State tax withheld
\$

15 State/Payer's state no.
\$

16 State income
\$

17
\$

18
\$

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Department of the Treasury - Internal Revenue Service

OMB No. 1545-0118

2005

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Miscellaneous Income

Copy 1
For State Tax
Department

Real Estate commission payments of \$600 or more are reported here.

- The Listing Broker is required to report the commission payments made to the Buyer's broker.
- The Listing Broker is required to report the commission payments made to their agents.
- The Buyer's Broker is required to report the commission payments made to their agents.
- Brokers are not required to report commission payments made to a corporation.

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- You can find form 1099-MISC at www.irs.gov.

Why do I (broker) have to report the commission payments rather than the escrow agent?

- The escrow agent is not the payer of the commission. The escrow agent is distributing (as the broker's agent) the payment that the broker designates. The broker is free to contract with the escrow agent to complete the reporting on the broker's behalf, but the broker should be listed as the payer on the 1099 and is the party legally responsible for reporting the payment.

How do I obtain the recipient's identification number if they won't provide it?

- The broker should request the recipient's taxpayer identification number or social security number either by using IRS form W-9, or the payer's own form if it is substantially similar to the from W-9. Should the recipient fail or refuse to provide the information the broker requested, the broker should complete as much information as possible on the 1099 and keep any records of the request for the information and the failure or refusal by the recipient to provide it.

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Where do I order form 1099-MISC?

You can order form 1099-MISC:

- From www.irs.gov
- By calling IRS at 1-800-TAX-FORMS (1-800-829-3676)
- Or purchase it from local business supply stores. If you purchase forms from your local business supply store, verify they are scannable and IRS approved.

The IRS publishes a Vendor List (IRS Publication 1582) that contains the names of:

- Service bureaus that produce and submit files for electronic filing on the prescribed types of magnetic media.
- Vendors that provide software packages for payers who wish to produce electronic or magnetic media on their own computer systems, IRS provides this list as a courtesy. FTB and IRS don't endorse the service bureaus or vendors on the list.

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How do I file form 1099-MISC?

We prefer you use IRS's Combined Federal/State Filing Program, or file directly with FTB using one of the following media types:

- Electronic Filing
- Magnetic Media
- Paper Filing

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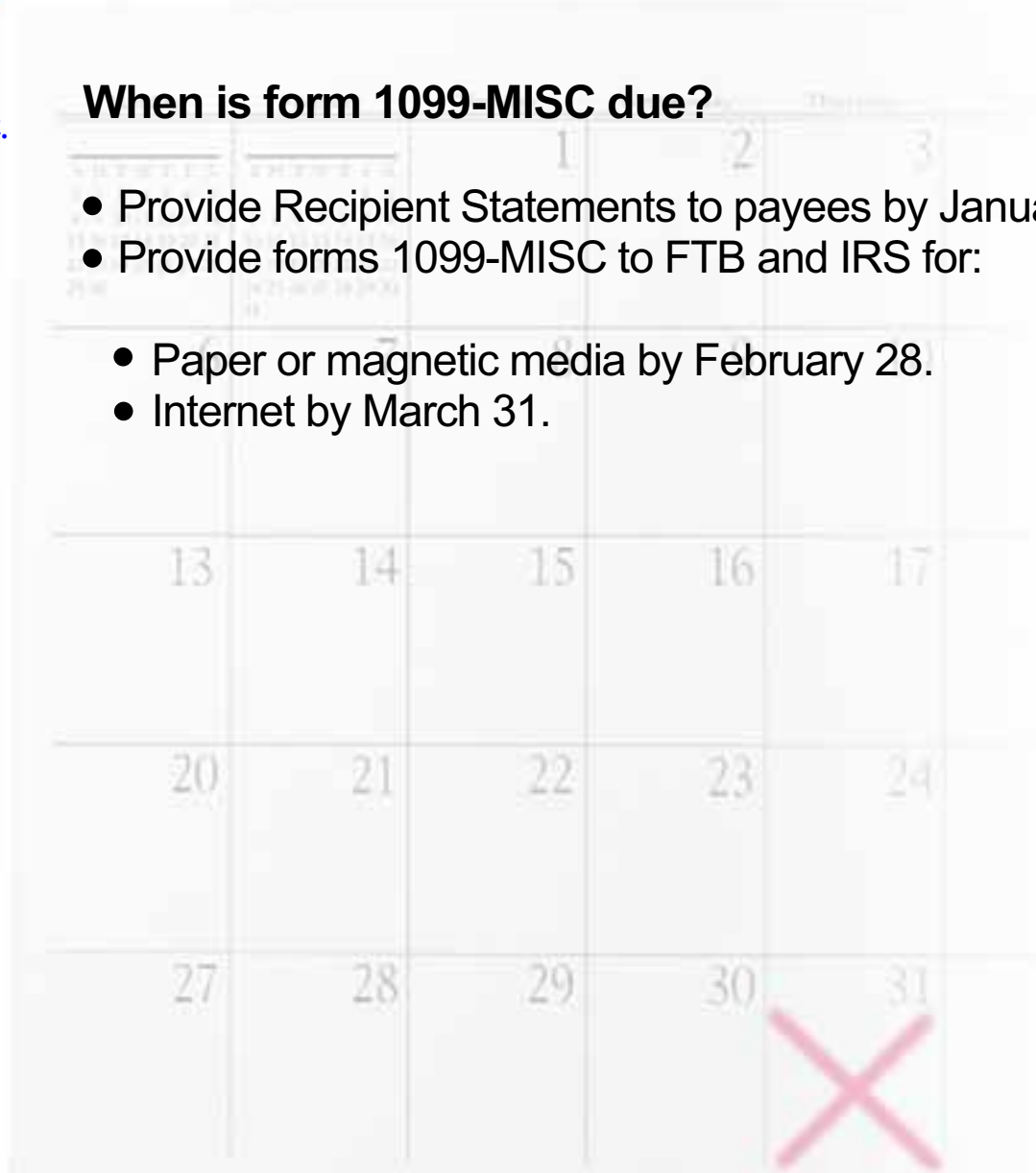
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Where can I get help?

When is form 1099-MISC due?

- Provide Recipient Statements to payees by January 31.
- Provide forms 1099-MISC to FTB and IRS for:
 - Paper or magnetic media by February 28.
 - Internet by March 31.



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1099 Information Reporting Website

<http://www.ftb.ca.gov/forms/misc/4227.html>

FTB

(916) 845-6304

Monday - Friday, 7:00 a.m. to 4:00 p.m. PST

Email Address: IRPhelp@ftb.ca.gov

IRS

(866) 455-7738

Monday - Friday, 8:30 a.m. to 4:30 p.m. EST

Email Address: mccirp@irs.gov